

Chapter 7 Customer-Driven Marketing Strategy: Creating Value for Target Customers

1) When a company identifies the parts of the market it can serve best and most profitably, it is practicing _____.

- A) concentrated marketing
- B) mass marketing
- C) market targeting
- D) segmenting
- E) differentiation

Answer: C

Diff: 2 Page Ref: 191

Skill: Concept

Objective: 7-1

2) What are the four steps, in order, to designing a customer-driven marketing strategy?

- A) market segmentation, differentiation, positioning, and targeting
- B) positioning, market segmentation, mass marketing, and targeting
- C) market segmentation, targeting, differentiation, and positioning
- D) market alignment, market segmentation, differentiation, and market positioning
- E) market recognition, market preference, market targeting, and market insistence

Answer: C

Diff: 2 Page Ref: 191

Skill: Concept

Objective: 7-1

3) Through market segmentation, companies divide large, heterogeneous markets into smaller segments that can be reached more _____ with products and services that match their unique needs.

- A) efficiently
- B) effectively
- C) intensely
- D) indirectly
- E) both A and B

Answer: E

Diff: 2 Page Ref: 192

Skill: Concept

Objective: 7-2

4) Even though several options are available at any one time, there _____ to segment a market.

- A) is one single best way
- B) is no single way
- C) is a most effective way
- D) are limited ways
- E) are four ways

Answer: B

Diff: 2 Page Ref: 192

Skill: Concept

Objective: 7-2

5) Your firm has decided to localize its products and services to meet local market demands. A good approach to use would be _____ segmentation.

- A) geographic
- B) benefit
- C) end-use
- D) customer
- E) image

Answer: A

Diff: 1 Page Ref: 193

Skill: Concept

Objective: 7-2

6) Pendergraft Pet Supplies divides the pet market according to the owners' race, occupation, income, and family life cycle. What type of segmentation does Pendergraft use?

- A) geographic
- B) behavioral
- C) lifestyle
- D) demographic
- E) psychographic

Answer: D

Diff: 1 Page Ref: 194

Skill: Concept

Objective: 7-2

7) Through talking to numerous competitors at a regional trade show, you learn that most of them use the most popular base for segmenting markets. What is it?

- A) demographic
- B) gender
- C) psychographic
- D) behavioral
- E) geographic

Answer: A

Diff: 2 Page Ref: 194

Skill: Concept

Objective: 7-2

8) Demographic variables are so frequently used in market segmentation because they _____.

- A) create smaller segments than other methods do
- B) create more easily reached segments than other methods do
- C) do not involve stereotypes
- D) are easy to measure in comparison to many other methods
- E) involve fewer attributes to consider than other methods do

Answer: D

Diff: 2 Page Ref: 194

Skill: Concept

Objective: 7-2

9) Marketers must be most careful to guard against which of the following when using age and life cycle segmentation?

- A) underestimating
- B) stereotyping
- C) traditional marketing
- D) cultural bias
- E) gender bias

Answer: B

Diff: 2 Page Ref: 194

AACSB: Ethical Reasoning

Skill: Concept

Objective: 7-2

10) When Positive Image, Inc., caters to clothing, cosmetics, and toiletries markets, it is most likely using which type of segmentation?

- A) age and life cycle
- B) gender
- C) behavior
- D) psychographic
- E) geographic

Answer: B

Diff: 2 Page Ref: 195

Skill: Concept

Objective: 7-2

11) Marketers of automobiles, financial services, and travel are most likely to use which of the following types of segmentation?

- A) gender
- B) income
- C) occasion
- D) usage rate
- E) benefits sought

Answer: B

Diff: 2 Page Ref: 195

Skill: Concept

Objective: 7-2

12) The division of buyers into groups based on their knowledge, attitudes, uses, or responses to a product is _____ segmentation.

- A) behavioral
- B) psychographic
- C) age and life cycle
- D) demographic
- E) geographic

Answer: A

Diff: 1 Page Ref: 196

Skill: Concept

Objective: 7-2

13) Many marketers believe that which of the following variables are the best starting point for building marketing segments?

- A) behavioral
- B) family size
- C) gender
- D) age
- E) beneficial

Answer: A

Diff: 2 Page Ref: 196

Skill: Concept

Objective: 7-2

Faculty of Commerce English Section
Mansoura University

14) Which type of segmentation centers on the use of the word *when*, such as *when* consumers get the idea to buy, *when* they actually make their purchase, or *when* they use the purchased item?

- A) behavioral
- B) psychographic
- C) occasion
- D) impulse
- E) emergency

Answer: C

Diff: 2 Page Ref: 196

Skill: Concept

Objective: 7-2

15) Markets can be segmented into groups of nonusers, ex-users, potential users, first-time users, and regular users of a product. This method of segmentation is called _____.

- A) user status
- B) usage rates
- C) benefit
- D) behavior
- E) loyalty status

Answer: A

Diff: 1 Page Ref: 197

Skill: Concept

Objective: 7-2

16) Consumers can show their allegiance to brands, stores, or companies. Marketers can use this information to segment consumers by _____.

- A) user status
- B) loyalty status
- C) store type
- D) brand preference
- E) usage rate

Answer: B

Diff: 1 Page Ref: 197

Skill: Concept

Objective: 7-2

17) By studying its less loyal buyers, a company can detect which brands are most _____ its own.

- A) competitive with
- B) used with
- C) overlooked with
- D) similar to
- E) complementary to

Answer: A

Diff: 2 Page Ref: 198

Skill: Concept

Objective: 7-2

18) Many firms make an effort to identify smaller, better-defined target groups by using _____.

- A) user rates
- B) loyalty segmentation
- C) multiple segmentation bases
- D) positioning
- E) mass marketing

Answer: C

Diff: 3 Page Ref: 198

Skill: Concept

Objective: 7-2

19) Consumer and business marketers use many of the same variables to segment markets. Business marketers use all of the following EXCEPT _____.

- A) operating characteristics
- B) purchasing approaches
- C) situational factors
- D) personal characteristics
- E) brand personalities

Answer: E

Diff: 3 Page Ref: 198

Skill: Concept

Objective: 7-2

20) As in consumer segmentation, many marketers believe that _____ and _____ segmentation provide the best basis for segmenting business markets.

- A) geographic; demographic
- B) user status; user loyalty
- C) benefits; buying behavior
- D) age and life-cycle; psychographic
- E) income; usage rate

Answer: C

Diff: 2 Page Ref: 199

Skill: Concept

Objective: 7-2

21) International Drilling Company segments its foreign markets by their overall level of economic development. This firm segments on what basis?

- A) political factors
- B) legal factors
- C) geographic factors
- D) economic factors
- E) cultural factors

Answer: D

Diff: 1 Page Ref: 199

Skill: Concept

Objective: 7-2

22) Lexus targets wealthy consumers with similar needs and buying behaviors, even though the consumers are located in different countries. This is an example of _____.

- A) intermarket segmentation
- B) loyalty segmentation
- C) life-cycle segmentation
- D) targeting segmentation
- E) psychographic segmentation

Answer: A

Diff: 1 Page Ref: 200

Skill: Concept

Objective: 7-2

23) When the size, purchasing power, and profiles of a market segment can be determined, it possesses the requirement of being _____.

- A) measurable
- B) accessible
- C) substantial
- D) actionable
- E) observable

Answer: A

Diff: 2 Page Ref: 200

Skill: Concept

Objective: 7-2

24) When a business market segment is large or profitable enough to serve, it is termed _____.

- A) measurable
- B) accessible
- C) substantial
- D) actionable
- E) differentiable

Answer: C

Diff: 2 Page Ref: 200

Skill: Concept

Objective: 7-2

25) When an effective program can be designed for attracting and serving a chosen segment, the segment is best described as _____.

- A) accessible
- B) measurable
- C) reachable
- D) actionable
- E) differentiable

Answer: D

Diff: 2 Page Ref: 201

Skill: Concept

Objective: 7-2

26) You have discovered that the segments you are targeting are conceptually distinguishable and respond differently to different marketing mix elements and programs. These segments are _____.

- A) accessible
- B) measurable
- C) reachable
- D) differentiable
- E) observable

Answer: D

Diff: 2 Page Ref: 201

Skill: Concept

Objective: 7-2

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27) To evaluate the different market segments your company serves, you would look at all of these factors EXCEPT which one?

- A) segment size
- B) segment growth
- C) segment structural attractiveness
- D) company values
- E) company resources

Answer: D

Diff: 3 Page Ref: 201

Skill: Concept

Objective: 7-3

28) Barney Hopkins has compiled a list of things that make segments more attractive. Which one of the following items should NOT be on the list?

- A) relative power of buyers
- B) lack of powerful suppliers to control prices
- C) few substitute products
- D) competition with superior resources
- E) financial resources

Answer: D

Diff: 2 Page Ref: 201

Skill: Concept

Objective: 7-3

29) Which of the following is NOT one of the reasons a segment would be less attractive to a company?

- A) strong competitors
- B) substitute products
- C) concentrated market
- D) power of buyers
- E) power of suppliers

Answer: C

Diff: 2 Page Ref: 201

Skill: Concept

Objective: 7-3

30) In general, a company should enter only segments in which it can _____ and _____.

- A) offer lower prices; ship faster
- B) offer superior value; gain advantages over competitors
- C) offer superior value; ship faster
- D) gain advantages over competitors; differentiate its products
- E) identify behaviors; understanding spending power

Answer: B

Diff: 3 Page Ref: 201

Skill: Concept

Objective: 7-3

31) Mass marketers, such as Target and Venture Stores, often ignore market segment differences and target the whole market with one offer. What is their approach to segmenting?

- A) undifferentiated marketing
- B) differentiated marketing
- C) target marketing
- D) concentrated marketing
- E) micromarketing

Answer: A

Diff: 1 Page Ref: 201

Skill: Concept

Objective: 7-3

32) The 55-year-old baby boomers share common needs in music and performers. When a music company decides to serve this group, the group is called a(n) _____.

- A) market segment
- B) target market
- C) well-defined market
- D) differentiated market
- E) undifferentiated market

Answer: B

Diff: 1 Page Ref: 201

Skill: Concept

Objective: 7-3

33) When New Port Shipping uses segmented marketing, it targets several segments and designs separate offers for each one. This approach is called _____ marketing.

- A) undifferentiated
- B) differentiated
- C) target
- D) individual
- E) niche

Answer: B

Diff: 2 Page Ref: 202

Skill: Concept

Objective: 7-3

34) Developing a strong position within several segments creates more total sales than _____ marketing across all segments.

- A) undifferentiated
- B) differentiated
- C) niche
- D) target
- E) individual

Answer: A

Diff: 3 Page Ref: 202

Skill: Concept

Objective: 7-3

35) ByWay Ventures chose a differentiated marketing strategy. The company had to weigh _____ against _____ when selecting this strategy.

- A) extra research; costs
- B) sales analysis; sales
- C) increased sales; increased costs
- D) geographic segmentation; demographic segmentation
- E) attitudes; perceptions

Answer: C

Diff: 2 Page Ref: 204

Skill: Concept

Objective: 7-3

36) Procter & Gamble sells six brands of laundry detergent in the United States, each designed for one of six laundry segments Procter & Gamble has identified. Together, these six brands take 62% of market share. Which of the following is a disadvantage of Procter & Gamble's differentiated marketing strategy?

- A) lost sales that would have been made with an undifferentiated marketing strategy across all segments
- B) lost customer loyalty due to lack of brand loyalty
- C) increased costs for separate marketing plans for each brand
- D) other suppliers controlling pricing
- E) lack of resources to succeed in an attractive segment

Answer: C

Diff: 2 Page Ref: 202

Skill: Concept

Objective: 7-3

37) Successful niche marketing relies on a firm's _____ and its _____.

- A) marketing strategy; services
- B) individual relationships with customers; positioning
- C) superior products; value network partners
- D) greater knowledge of customers' needs; special reputation
- E) competitive advantage in comparison to mass-market companies; affordable pricing

Answer: D

Diff: 2 Page Ref: 204

Skill: Concept

Objective: 7-3

38) Using concentrated marketing, the marketer goes after a _____ share of _____.

- A) small; a small market
- B) small; a large market
- C) large; one or a few niches
- D) large; the mass market
- E) moderate; local

Answer: C

Diff: 2 Page Ref: 204

Skill: Concept

Objective: 7-3

39) Niche marketing offers smaller companies the opportunity to compete by focusing their limited resources on serving niches that may be _____ or _____ larger companies.

- A) unimportant to; unwanted by
- B) unimportant to; overlooked by
- C) too small; undesirable to
- D) unknown by; unwanted by
- E) disappointed by; geographically far from

Answer: B

Diff: 2 Page Ref: 204

Skill: Concept

Objective: 7-3

40) Today, the low cost of setting up shop _____ makes it even more profitable to serve very small niches.

- A) in malls in major cities
- B) in mail-order catalogs
- C) on the Internet
- D) near major competitors
- E) far from competitors

Answer: C

Diff: 1 Page Ref: 205

AACSB: Use of IT

Skill: Concept

Objective: 7-3

41) Which of the segmenting strategies carries higher-than-average risks in consumer markets?

- A) concentrated
- B) mass
- C) differentiated
- D) undifferentiated
- E) multiple-segment

Answer: A

Diff: 3 Page Ref: 205

Skill: Concept

Objective: 7-3

42) As You Like It, Inc., customizes its offers to each individual consumer. This practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations is referred to as _____ marketing.

- A) niche
- B) mass
- C) differentiated
- D) undifferentiated
- E) micro

Answer: E

Diff: 2 Page Ref: 205

Skill: Concept

Objective: 7-3

43) _____ tailors brands and promotions to the needs and wants of specific cities, neighborhoods, and even stores.

- A) Undifferentiated
- B) Differentiated marketing
- C) Niche marketing
- D) Local marketing
- E) Individual marketing

Answer: D

Diff: 1 Page Ref: 205

Skill: Concept

Objective: 7-3

44) Which of the following is the narrowest marketing strategy?

- A) segmented strategy
- B) local marketing
- C) differentiated marketing
- D) mass marketing
- E) undifferentiated marketing

Answer: B

Diff: 3 Page Ref: 202

Skill: Concept

Objective: 7-2

45) Which of the following is NOT a drawback of local marketing?

- A) It can drive up manufacturing costs.
- B) It can drive up marketing costs by reducing economies of scale.
- C) It can create logistics problems.
- D) A brand's overall image might be diluted through too much variation.
- E) Supporting technologies are expensive.

Answer: E

Diff: 3 Page Ref: 206

Skill: Concept

Objective: 7-3

46) Under what circumstances can local marketing be quite effective?

- A) when pronounced regional differences in demographics are present
- B) when pronounced local differences in lifestyles are present
- C) when pronounced regional and local differences in demographics and lifestyles are present
- D) when regional and local differences in demographics and lifestyles are similar
- E) all of the above

Answer: C

Diff: 3 Page Ref: 206

AACSB: Multicultural and Diversity

Skill: Concept

Objective: 7-3

47) When Wal-Mart customizes its merchandise store by store to meet shopper needs, it is practicing _____.

- A) niche marketing
- B) psychographic marketing
- C) local marketing
- D) social segmentation
- E) individual marketing

Answer: C

Diff: 2 Page Ref: 205

Skill: Concept

Objective: 7-3

48) When a company interacts one-on-one with large numbers of customers to create customer-unique value by designing products and services tailor-made to individual needs, it is following _____.

- A) one-to-one marketing
- B) mass marketing
- C) mass customization
- D) differentiated marketing
- E) localization

Answer: C

Diff: 2 Page Ref: 206

Skill: Concept

Objective: 7-3

49) The move toward individual marketing mirrors the trend in consumer _____.

- A) self-imaging
- B) customizing
- C) self-marketing
- D) tastes
- E) self-conceptualization

Answer: C

Diff: 3 Page Ref: 207

Skill: Concept

Objective: 7-3

50) When choosing a target marketing strategy, many factors need to be considered. Which of the following does your text NOT mention as important?

- A) company resources
- B) degree of product variability
- C) product life-cycle stage
- D) product cost
- E) competitors' marketing strategies

Answer: D

Diff: 2 Page Ref: 207

Skill: Concept

Objective: 7-3

51) When competitors use differentiated or concentrated marketing, _____ marketing can be disastrous.

- A) differentiated
- B) undifferentiated
- C) concentrated
- D) customized
- E) localized

Answer: B

Diff: 2 Page Ref: 207

Skill: Concept

Objective: 7-3

52) Target marketing sometimes generates controversy and concern. Issues usually involve the targeting of _____ consumers with _____ products.

- A) elderly; expensive
- B) young; appealing
- C) vulnerable; marketing
- D) vulnerable or disadvantaged; controversial or potentially harmful
- E) unexpected; deceptive

Answer: D

Diff: 2 Page Ref: 208

AACSB: Ethical Reasoning

Skill: Concept

Objective: 7-3

53) It is considered socially irresponsible when the marketing of adult products spills over into the _____ segment.

- A) elderly
- B) child
- C) animal
- D) minority
- E) senior

Answer: B

Diff: 1 Page Ref: 208

AACSB: Ethical Reasoning

Skill: Concept

Objective: 7-3

54) Cigarette, beer, and fast-food marketers have generated much controversy in recent years by their attempts to target _____.

- A) teens
- B) the poor
- C) inner-city minorities
- D) the poor in foreign markets
- E) suburban adults

Answer: C

Diff: 3 Page Ref: 208

AACSB: Ethical Reasoning

Skill: Concept

Objective: 7-3

55) Most attempts to target children and minority groups provide _____ to target customers.

- A) benefits
- B) education
- C) disadvantages
- D) harm
- E) expenses

Answer: A

Diff: 2 Page Ref: 209

AACSB: Ethical Reasoning

Skill: Concept

Objective: 7-3

56) In target marketing, the issue is not really who is targeted, but rather _____ and for _____.

- A) why; what
- B) how; what
- C) why; how long
- D) where; how long
- E) how; where

Answer: B

Diff: 2 Page Ref: 209

AACSB: Ethical Reasoning

Skill: Concept

Objective: 7-3

57) Which group determines a product's position relative to competing products?

- A) manufacturers
- B) wholesalers
- C) retailers
- D) consumers
- E) suppliers

Answer: D

Diff: 1 Page Ref: 209

Skill: Concept

Objective: 7-4

58) A product's position is based on important attributes as perceived by _____.

- A) suppliers
- B) competitors
- C) market conditions
- D) consumers
- E) managers

Answer: D

Diff: 2 Page Ref: 209

Skill: Concept

Objective: 7-4

59) Consumers position products and services _____.

- A) after marketers put marketing mixes in place
- B) generally after consulting friends who use them
- C) with or without the help of marketers
- D) only reluctantly
- E) based on nearby competitors' positions

Answer: C

Diff: 1 Page Ref: 209

Skill: Concept

Objective: 7-4

60) Which of the listed choices is NOT a positioning task?

- A) identifying a set of possible competitive advantages upon which to build a position
- B) surveying frequent users of the product
- C) selecting an overall positioning strategy
- D) effectively communicating and delivering the chosen position to the market
- E) selecting the right competitive advantages

Answer: B

Diff: 2 Page Ref: 210

AACSB: Communication

Skill: Concept

Objective: 7-4

61) A company or store gains a(n) _____ by differentiating its products and delivering more value.

- A) competitive advantage
- B) positioning advantage
- C) cost advantage
- D) efficiency advantage
- E) synergy

Answer: A

Diff: 1 Page Ref: 210

Skill: Concept

Objective: 7-4

62) A company or market offer can be differentiated along the lines of product, image, services, channels, or _____.

- A) prices
- B) nonprice factors
- C) people
- D) customer service
- E) location

Answer: C

Diff: 2 Page Ref: 213

Skill: Concept

Objective: 7-4

63) Which type of differentiation is used to gain competitive advantage through the way a firm designs its distribution coverage, expertise, and performance?

- A) services differentiation
- B) channel differentiation
- C) people differentiation
- D) product differentiation
- E) price differentiation

Answer: B

Diff: 2 Page Ref: 213

Skill: Concept

Objective: 7-4

64) When firms use symbols, colors, or characters to convey their personalities, they are using _____ differentiation.

- A) image
- B) people
- C) company
- D) reputation
- E) subliminal

Answer: A

Diff: 1 Page Ref: 213

AACSB: Communication

Skill: Concept

Objective: 7-4

65) Ad man Rosser Reeves believes that firms should develop a USP for each brand and stick to it. What does USP stand for?

- A) unique selling product
- B) unique services practice
- C) unique sales pitch
- D) unique selling proposition
- E) unique strategic practice

Answer: D

Diff: 3 Page Ref: 213

AACSB: Communication

Skill: Concept

Objective: 7-4

66) A brand difference is worth establishing and promoting to the extent that it satisfies all of the criteria below EXCEPT which one?

- A) important
- B) distinctive
- C) divisible
- D) affordable
- E) noticeable

Answer: C

Diff: 3 Page Ref: 214

Skill: Concept

Objective: 7-4

67) You have just created the "perfect" ad. It communicates the full mix of benefits upon which the brand is differentiated and positioned. This full positioning of the brand is called _____.

- A) its value proposition
- B) target marketing
- C) capturing the consumers' attention
- D) value profiling
- E) differentiated marketing

Answer: A

Diff: 2 Page Ref: 214

AACSB: Communication

Skill: Concept

Objective: 7-4

68) The answer to the customer's question "Why should I buy your brand?" is found in the _____.

- A) quality image
- B) customer services
- C) value proposition
- D) differentiation
- E) pricing and promotion structure

Answer: C

Diff: 2 Page Ref: 214

Skill: Concept

Objective: 7-4

69) What competitive positioning can attack a more-for-more strategy by introducing a brand offering with comparable quality at a lower price?

- A) more-for-the-same
- B) more-for-less
- C) same-for-less
- D) less-for-much-less
- E) all-or-nothing

Answer: A

Diff: 3 Page Ref: 215

Skill: Concept

Objective: 7-4

70) Which positioning strategy offers consumers a "good deal" by offering equivalent-quality products or services at a lower price?

- A) more-for-the-same
- B) more-for-less
- C) same-for-less
- D) less-for-much-less
- E) all-or-nothing

Answer: C

Diff: 2 Page Ref: 215

Skill: Concept

Objective: 7-4

71) "Less-for-much-less" positioning involves meeting consumers' _____.

- A) quality performance requirements at a lower price
- B) lower quality requirements in exchange for a lower price
- C) lower quality requirements at the lowest possible price
- D) high quality requirements at a discounted rate
- E) high quality requirements at the lower possible price

Answer: B

Diff: 1 Page Ref: 216

Skill: Concept

Objective: 7-4

72) Few people can afford the best in everything they buy. At times everyone needs a product with less quality or performance with a correspondingly lower price. In this case a consumer would purchase a product positioned with a _____ strategy.

- A) more-for-the-same
- B) more-for-less
- C) same-for-less
- D) less-for-much-less
- E) all-or-nothing

Answer: D

Diff: 2 Page Ref: 215

Skill: Concept

Objective: 7-4

73) Which difficult-to-sustain positioning strategy attempts to deliver the "best-of-both"?

- A) more-for-the-same
- B) more-for-less
- C) same-for-less
- D) less-for-much-less
- E) more-for-more

Answer: B

Diff: 2 Page Ref: 216

Skill: Concept

Objective: 7-4

74) Which type of statement first states the product's membership in a category and then shows its point-of-difference from other members of the category?

- A) mission statement
- B) vision statement
- C) differentiation statement
- D) positioning statement
- E) statement of intent

Answer: D

Diff: 2 Page Ref: 216

Skill: Concept

Objective: 7-4

75) What is the following an example of? "To busy, mobile professionals who need to always be in the loop, BlackBerry is a wireless connectivity solution that gives you an easier, more reliable way to stay connected to data, people, and resources while on the go."

- A) positioning statement
- B) service differentiation
- C) concentrated segmentation
- D) competitive advantage
- E) responsible target marketing

Answer: A

Diff: 2 Page Ref: 216

Skill: Concept

Objective: 7-4

76) When marketers at Procter & Gamble selected the Millennials, a demographic that includes college students, as an untapped group of potential customers for their Febreze line of products, they were executing which step in the process of designing a customer-driven marketing strategy?

- A) market segmenting
- B) mass marketing
- C) differentiation
- D) targeting
- E) positioning

Answer: D

Diff: 1 Page Ref: 191

AACSB: Reflective Thinking

Skill: Application

Objective: 7-1

77) When Pacific Fisheries groups its customers as countries by regions such as Asia, Australia, or New Zealand, it is using which segmenting base?

- A) economic factors
- B) political and legal factors
- C) geographic location
- D) benefits sought
- E) demographics

Answer: C

Diff: 1 Page Ref: 193

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

78) When Burger King targets children, teens, adults, and seniors with different ads and media, it is practicing _____ segmentation.

- A) demographic
- B) age and life cycle
- C) psychographic
- D) behavioral
- E) generational

Answer: B

Diff: 1 Page Ref: 194

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

79) Which of the following statements illustrates why stereotypes should be avoided when using age and life cycle segmentation?

- A) Old women love to shop; young women love it more!
- B) Most 10-year-old boys are mischievous.
- C) Some 70 year olds use wheelchairs; others play tennis.
- D) The majority of 20 year olds have to work; the same holds true for 30 and 40 year olds.
- E) both C and D

Answer: C

Diff: 2 Page Ref: 194

AACSB: Analytic Skills

Skill: Application

Objective: 7-2

80) Segmenting voters as either democrats or republicans is an example of _____.

- A) psychographic segmentation
- B) demographic segmentation
- C) occasion segmentation
- D) intermarket segmentation
- E) A and D

Answer: A

Diff: 3 Page Ref: 196

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

81) At one time Miller Beer was known as the "champagne of bottled beer." Unfortunately, Miller drinkers did not drink much beer. To increase sales, Miller was repositioned to attract the members of the middle working class. This segmentation approach is _____.

- A) user status
- B) usage rate
- C) benefit
- D) behavioral
- E) psychographic

Answer: E

Diff: 2 Page Ref: 196

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

82) Your current assignment at York Foods is to find the major benefits people look for in product classes, the kinds of people who look for each benefit, and the major brands that deliver each benefit. What is this segmentation method called?

- A) benefit
- B) behavioral
- C) age and life cycle
- D) psychographic
- E) demographic

Answer: A

Diff: 1 Page Ref: 196

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

83) Shampoo marketers rate buyers as light, medium, or heavy product users. This is _____ segmentation.

- A) benefit
- B) user status
- C) usage rate
- D) psychographic
- E) occasions

Answer: C

Diff: 1 Page Ref: 197

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

84) MTV targets the world's teenagers, who have similar needs and buying behavior even though they are located in different countries. This is called _____ segmentation.

- A) political and legal
- B) cross-cultural
- C) cultural
- D) intermarket
- E) individual

Answer: D

Diff: 2 Page Ref: 200

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

85) The markets you have chosen to serve in four western states can be effectively reached and served. You would tell the marketing manager that these segments are _____.

- A) measurable
- B) accessible
- C) substantial
- D) actionable
- E) profitable

Answer: B

Diff: 2 Page Ref: 200

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

86) Jolene Enterprises mass produces an all-purpose floor cleaner, mass distributes it and mass promotes it. This firm uses _____ marketing.

- A) segmented
- B) undifferentiated
- C) traditional
- D) differentiated
- E) none of the above

Answer: B

Diff: 1 Page Ref: 201

AACSB: Reflective Thinking

Skill: Application

Objective: 7-3

87) A marketer focuses on several commonalities among all consumers. This marketer appears to be engaging in _____.

- A) differentiated marketing
- B) undifferentiated marketing
- C) segmented marketing
- D) concentrated marketing
- E) mass customization

Answer: B

Diff: 2 Page Ref: 201

AACSB: Analytic Skills

Skill: Application

Objective: 7-3

88) Which of the following is the most logical reason for Procter & Gamble offering products that compete with one another on the same supermarket shelves?

- A) Different people want a greater selection.
- B) Procter & Gamble has little competition.
- C) Different people want different mixes of benefits from the products they buy.
- D) Retailers request it.
- E) It creates healthy competition.

Answer: C

Diff: 3 Page Ref: 203

AACSB: Analytic Skills

Skill: Application

Objective: 7-3

89) Sanguine Services practices a marketing strategy where its limited resources are used to go after a large share of two small niches. Sanguine practices which one of these strategies?

- A) undifferentiated
- B) differentiated
- C) mass
- D) concentrated
- E) geographically dispersed

Answer: D

Diff: 2 Page Ref: 204

AACSB: Reflective Thinking

Skill: Application

Objective: 7-3

90) Bob and Phyllis Cords own two retail stores, one in Pottstown and one in Norristown. Though the towns are only 40 miles apart, the consumers at both stores are very different demographically. Bob and Phyllis alter the product offerings between both locations in an effort to cater to both demographic groups. This is an example of _____.

- A) local marketing
- B) psychographic segmentation
- C) micromarketing
- D) demographic segmentation
- E) A and C

Answer: E

Diff: 2 Page Ref: 205

AACSB: Reflective Thinking

Skill: Application

Objective: 7-3

91) Jay Bee Promotions tailors its advertising and promotional services to the needs and preferences of individual customers. Which of the following terms does NOT apply to this type of marketing?

- A) one-to-one
- B) customized
- C) markets-of-one
- D) concentrated
- E) mass customization

Answer: D

Diff: 3 Page Ref: 206

AACSB: Analytic Skills

Skill: Application

Objective: 7-3

92) The Jay Group hires better employees than the competition by conducting lengthy searches and interviews. Management also trains employees much better than competitors do. The Jay Group has gained a strong competitive advantage through which type of differentiation?

- A) image
- B) people
- C) services
- D) product
- E) channel

Answer: B

Diff: 2 Page Ref: 213

AACSB: Reflective Thinking

Skill: Application

Objective: 7-4

93) Ford Motor Company emphasizes "Quality First□Ford Tough" in its truck products. In doing so, the company has developed a differentiation strategy based on _____.

- A) people
- B) image
- C) products
- D) services
- E) positioning

Answer: B

Diff: 2 Page Ref: 213

AACSB: Reflective Thinking

Skill: Application

Objective: 7-4

94) Cheap Heaps Auto specializes in lower quality vehicles, with a few dents, priced a great deal lower than other used cars. Cheap Heaps has chosen to position their products with a _____ strategy.

- A) more-for-the same
- B) more-for-less
- C) same-for-less
- D) less-for-much-less
- E) A or C

Answer: D

Diff: 2 Page Ref: 215

AACSB: Reflective Thinking

Skill: Application

Objective: 7-4

95) Neiman Marcus claims superior quality, performance, and style. The owners provide the most upscale products and services and charge a higher price to cover the higher costs. What type of positioning does Neiman Marcus use?

- A) more-for-the-same
- B) more-for-more
- C) repositioning
- D) the-same-for-less
- E) more-for-less

Answer: B

Diff: 1 Page Ref: 215

AACSB: Reflective Thinking

Skill: Application

Objective: 7-4

96) When it first opened for business, Home Depot claimed to offer better products at lower prices. This hard-to-sustain value proposition is called _____.

- A) more-for-the-same
- B) more-for-less
- C) more-for-more
- D) same-for-less
- E) same-for-more

Answer: B

Diff: 2 Page Ref: 216

AACSB: Reflective Thinking

Skill: Application

Objective: 7-4

97) Superior Auto Sales, a chain of high-end used car dealerships, wants to sum up its company positioning and brand positioning in a formal way. Superior's management would use a _____.

- A) mission statement
- B) vision statement
- C) competitive statement
- D) positioning statement
- E) company statement

Answer: D

Diff: 2 Page Ref: 216

AACSB: Reflective Thinking

Skill: Application

Objective: 7-4

Refer to the scenario below to answer the following questions.

Herb Marks began making wooden writing utensils as a hobby until Mel Yoder recognized Herb's talent. Mel immediately ordered 250 pens and pencils of various styles to be displayed in his shop's showcase. Within three months, the writing utensils were a hit! Herb Marks had never thought of marketing his talent but Mel's enthusiasm and the recent sales were enough to change his mind.

With limited resources, Herb contacted three additional specialty shops within 100 miles. He explained his manufacturing processes and engraving options to each. All three shops' owners placed a trial order. Within two months, just prior to the holiday season, each shop owner placed an additional order. Herb was ecstatic!

"I figured business would slow down after that," Herb stated, "but in February I was contacted by Elmore Distributors. At that point, I had to make a huge decision about how far I wanted to go with this business."

Elmore Distributors provided products for school fundraisers in a seven-state area. Herb was offered a two-year contract and immediate inclusion in Elmore's promotional flyer. Herb Marks accepted the offer and, along with it, the responsibility to produce thousands of wooden pens and pencils.

"I had to get a grip on the magnitude of this project!" Herb added. "I couldn't grow out of control. I was already working to capacity."

Herb decided to place his major focus on the large contract with Elmore. However, to avoid placing his total emphasis with one customer, Herb continued nurturing his four previously established accounts without targeting any additional customers.

"At this point, I had set up an assembly line in a rented building," Herb explained. "I had to hire three full-time employees to work the line while I managed the customer orders and purchased materials." Herb paused. "But I can't take the Elmore project for granted. It might not always be there. I'll have to have a good alternate plan if that day comes."

98) In the scenario, how does Herb segment his market?

- A) loyalty status
- B) usage rate
- C) income
- D) geographically
- E) demographically

Answer: B

Diff: 2 Page Ref: 197

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

99) In marketing his writing utensils to his four specialty-shop customers, Herb is using _____ marketing.

- A) mass
- B) undifferentiated
- C) niche
- D) mass customization
- E) individual

Answer: C

Diff: 2 Page Ref: 204

AACSB: Reflective Thinking

Skill: Application

Objective: 7-3

100) If Herb produced a variety of styles of pens and pencils with various wood types and engravings that he tailored specifically to each individual's order, he would be practicing _____.

- A) concentrated marketing
- B) local marketing
- C) undifferentiated marketing
- D) mass customization
- E) micromarketing

Answer: D

Diff: 2 Page Ref: 206

AACSB: Reflective Thinking

Skill: Application

Objective: 7-3

101) Today, most companies have moved back toward mass marketing and are being choosier about the customers with whom they wish to build relationships.

Answer: TRUE

Diff: 2 Page Ref: 191

Skill: Concept

Objective: 7-1

102) Your company wants to move away from mass marketing and engage in customer-driven marketing. The four steps to take, in order, are market segmentation, marketing positioning, differentiation, and targeting.

Answer: FALSE

Diff: 2 Page Ref: 191

Skill: Concept

Objective: 7-1

103) Bombay Gifts divides its markets into units of nations, regions, and cities. Bombay uses geographic segmentation.

Answer: TRUE

Diff: 1 Page Ref: 193

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

104) Demographic segmentation uses different marketing approaches for different time periods of people's lives and different family situations.

Answer: FALSE

Diff: 2 Page Ref: 194

Skill: Concept

Objective: 7-2

105) Shopping for the Rich and Famous is a buying service that helps wealthy clients find the best buys in exclusive clothing, high-end cars, travel, and financial services. This firm most likely uses income segmentation.

Answer: TRUE

Diff: 2 Page Ref: 195

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

106) Gender segmentation has long been used in clothing, cosmetics, toiletries, and magazines.

Answer: TRUE

Diff: 2 Page Ref: 195

AACSB: Multicultural and Diversity

Skill: Concept

Objective: 7-2

107) Your assignment at work is to divide buyers into different groups based on social class, lifestyle, and personality characteristics. After a planning session with the marketing and sales staff, you issue a memo to upper management recommending psychographic segmentation. You are right on target.

Answer: TRUE

Diff: 2 Page Ref: 196

Skill: Concept

Objective: 7-2

108) LaGrange Florists segments markets into groups of nonusers, ex-users, potential users, first-time users, and regular users of its flowers and services. This firm uses usage rate as its segmentation approach.

Answer: FALSE

Diff: 2 Page Ref: 197

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

109) Research about and planning for loyalty status as a segmentation approach is generally not useful or practical for most firms.

Answer: FALSE

Diff: 2 Page Ref: 198

Skill: Concept

Objective: 7-2

110) For simplicity's sake, most marketers generally limit their segmentation analysis to one or a few variables.

Answer: FALSE

Diff: 2 Page Ref: 198

Skill: Concept

Objective: 7-2

111) Clusters of marketable groups of customers with similar likes, dislikes, lifestyles, and purchase behaviors can be identified by multivariable segmentation systems that merge and analyze geographic, demographic, lifestyle, and behavioral data.

Answer: TRUE

Diff: 2 Page Ref: 198

AACSB: Use of IT

Skill: Concept

Objective: 7-2

112) There are many exceptions to the geographic segmentation assumption that consumers in nations close to one another will have many common behaviors and traits.

Answer: TRUE

Diff: 2 Page Ref: 199

AACSB: Multicultural and Diversity

Skill: Concept

Objective: 7-2

113) Because there is such variation among the economies of countries around the world, it is not practical to segment international markets on the basis of economic factors.

Answer: FALSE

Diff: 2 Page Ref: 199

AACSB: Multicultural and Diversity

Skill: Concept

Objective: 7-2

114) In evaluating different market segments, a firm should look at three factors: segment size and growth, segment structural attractiveness, and company objectives and resources.

Answer: TRUE

Diff: 2 Page Ref: 201

Skill: Concept

Objective: 7-3

115) At a recent marketing seminar, the featured speaker stated that a target market consists of a set of buyers who share common needs or characteristics that the company decides to serve. This is a correct definition.

Answer: TRUE

Diff: 1 Page Ref: 201

Skill: Concept

Objective: 7-3

116) Developing a stronger position within several segments creates more total sales than undifferentiated marketing across all segments.

Answer: TRUE

Diff: 2 Page Ref: 202

Skill: Concept

Objective: 7-3

117) Niche marketing offers smaller companies an opportunity to compete by focusing their limited resources on serving niches that may be unimportant to or overlooked by larger companies.

Answer: TRUE

Diff: 1 Page Ref: 204

Skill: Concept

Objective: 7-3

118) Because Cruise Ships International currently has limited financial and personnel resources, it should avoid concentrated or niche marketing until resources are again substantial.

Answer: FALSE

Diff: 2 Page Ref: 204

AACSB: Analytic Skills

Skill: Application

Objective: 7-3

119) Though the use of mass marketing has been widespread in the past 100 years, for centuries consumers were served as individuals as businesses practiced individual marketing.

Answer: TRUE

Diff: 3 Page Ref: 206

Skill: Concept

Objective: 7-3

120) Mass marketing is becoming a marketing principle for the 21st century.

Answer: FALSE

Diff: 2 Page Ref: 207

Skill: Concept

Objective: 7-3

121) When a company chooses a target marketing strategy, its choices are influenced by factors related to company resources, the degree of product variability, and the product's life-cycle stage.

Answer: TRUE

Diff: 3 Page Ref: 207

Skill: Concept

Objective: 7-3

122) A product's position is the way the product is defined by the retailers who sell it to target markets. It is how it is defined on important attributes□the place the product occupies in the retailers' minds relative to competing products.

Answer: FALSE

Diff: 1 Page Ref: 209

AACSB: Communication

Skill: Concept

Objective: 7-4

123) Consumers position products in their minds in order to simplify the buying process.

Answer: TRUE

Diff: 3 Page Ref: 209

Skill: Concept

Objective: 7-4

124) A market rarely exists for products that offer less and therefore cost less.

Answer: FALSE

Diff: 3 Page Ref: 215

Skill: Concept

Objective: 7-4

125) When Kia offers a new car model with the same features as a comparable Toyota or Ford and provides a longer warranty, Kia is following a more-for-less strategy.

Answer: FALSE

Diff: 2 Page Ref: 216

AACSB: Reflective Thinking

Skill: Application

Objective: 7-4

126) Explain the four major steps in designing a customer-driven marketing strategy.

Answer: The first step is market segmentation: dividing a market into smaller groups of buyers with distinct needs, characteristics, or behaviors, who might require separate products or marketing mixes. The company identifies different ways to segment the market and develops profiles of the resulting market segments. The second step is market targeting: evaluating each market segment's attractiveness and selecting one or more of the market segments to enter. The third step is differentiation: actually differentiating the firm's market offering to create a superior customer value. Finally, the last step is market positioning: arranging for a market offering to occupy a clear, distinctive, and desirable place relative to competing products in the minds of consumers.

Diff: 2 Page Ref: 191-192

AACSB: Analytic Skills

Skill: Application

Objective: 7-1

127) Explain the four major segmenting variables for consumer markets.

Answer: Geographic segmentation divides the market into different geographic units, such as nations, regions, states, countries, cities, or neighborhoods. Many companies are localizing their products, advertising, promotion, and sales efforts or are seeking to cultivate as-yet untapped geographic territory. Demographic segmentation divides the market into groups based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality. These are the most popular factors because they are easy to measure, and consumer needs, wants, and usage rates often vary closely with demographic variables. Psychographic segmentation, on the other hand, divides buyers into different groups based on social class, lifestyle, or personality characteristics. People in the same demographic group can have very different psychographic makeup. Behavioral segmentation divides buyers into groups based on their knowledge, attitudes, uses, or responses to a product. Many marketers believe that behavior variables are the best starting point for building market segments.

Diff: 2 Page Ref: 193

AACSB: Analytic Skills

Skill: Application

Objective: 7-2

128) Describe how marketers use multiple-segmenting bases to their advantage.

Answer: Marketers rarely limit their segmenting analysis to only one or a few variables. Instead, they use multiple segmentation bases in an effort to identify smaller, better-defined target groups of consumers who share likes, dislikes, lifestyles, and purchase behaviors. Companies often begin by segmenting their markets using a single base, and then expand using other bases.

Diff: 2 Page Ref: 198

AACSB: Analytic Skills

Skill: Application

Objective: 7-2

129) Why do businesses segment their markets?

Answer: By going after segments instead of the whole market, companies have a much better chance to deliver value to customers and to receive maximum rewards for close attention to customer needs. Like consumer groups, business buyers can be segmented using geographic, demographic, benefits sought, user status, usage rate, and loyalty status segmentations. Business buyers are also segmented by the variables of operating characteristics, purchasing approaches, situational factors, and personal characteristics.

Diff: 2 Page Ref: 198

AACSB: Analytic Skills

Skill: Application

Objective: 7-2

130) Why do international markets need to be segmented?

Answer: Few companies have either the resources or the will to operate in all, or even most, of the countries that dot the globe. Different countries, even those that are close together, can vary greatly in their economic, cultural, technological, and political makeup. International firms need to group their world markets into segments with distinctive buying needs and behaviors.

Diff: 1 Page Ref: 199

AACSB: Multicultural and Diversity

Skill: Application

Objective: 7-2

131) Imagine that you are presenting a workshop on the Requirements for Effective Segmentation. Briefly describe the five items that will help your audience understand your topic.

Answer: The size, purchasing power, and profiles of the segments must be measurable. The major problem may be that the segment will be hard to identify and measure. The market segments must be accessible; that is they can be effectively reached and served. The segment must be substantial or large/profitable enough to serve. It should be the largest possible homogeneous group worth pursuing with a tailored marketing program. To be differentiable, the segments need to be conceptually distinguishable and respond differently to different marketing mix elements and programs. Finally, the segment must be actionable, meaning that effective programs can be designed for attracting and serving consumers who make up the segment.

Diff: 3 Page Ref: 200-201

AACSB: Analytic Skills

Skill: Application

Objective: 7-2

132) Explain how companies identify attractive market segments and choose a target marketing strategy.

Answer: To target the best market segments, the company first evaluates each segment's size and growth characteristics, structural attractiveness, and compatibility with company objectives and resources. It then chooses one of four marketing strategies—ranging from very broad to very narrow targeting. The seller can ignore segment differences and target broadly using undifferentiated marketing. This involves mass-producing, mass-distributing, and mass-promoting nearly the same product in about the same way to all consumers. Or the seller can adopt differentiated marketing—developing different market offers for several segments. Concentrated marketing involves focusing on only one or a few market segments. Finally, micromarketing is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations. Micromarketing includes local marketing and individual marketing. Which targeting strategy is best depends on company resources, product variability, product life cycle stage, market variability, and competitive marketing strategies.

Diff: 3 Page Ref: 201

AACSB: Analytic Skills

Skill: Application

Objective: 7-3

133) Compare and contrast four major segmenting strategies.

Answer: An undifferentiated marketing strategy ignores market segment differences and targets the whole market with one offer. This mass-marketing strategy focuses on what is common in the needs of consumers rather than what is different. In contrast, a differentiated strategy targets several market segments and designs separate offers for each. Companies hope for higher sales and a stronger position within each market segment. Concentrated or niche marketing goes after a large share of one or a few segments or niches instead of going after a share of a large market. These niches may be overlooked by or unimportant to other marketers. Niche offers smaller companies an opportunity to compete by focusing their limited resources more effectively. Using micromarketing, a company can tailor products and marketing programs to suit the tastes of specific individuals and locations. It includes local and individual marketing.

Diff: 2 Page Ref: 201-207

AACSB: Analytic Skills

Skill: Application

Objective: 7-3

134) In what ways might a marketer engage in socially responsible target marketing?

Answer: Socially responsible marketers work to avoid purposefully targeting vulnerable or disadvantaged consumers with controversial or potentially harmful products. In addition, marketers may reconsider the marketing of adult products that may spill over into the child segment—either intentionally or unintentionally; primary examples include beer, cigarettes, and fast food. The growth of the Internet has also presented potential problems—namely that makers of questionable products or deceptive advertisers may more readily victimize the most vulnerable audiences. Marketers can avoid becoming involved in these harmful situations as they attempt to reach vast numbers of consumers with such precise, refined targeting strategies.

Diff: 1 Page Ref: 208

AACSB: Ethical Reasoning

Skill: Application

Objective: 7-3

135) Explain the concept of positioning for competitive advantage.

Answer: A product's position is the way the product is defined by consumers on important attributes—the place the product occupies in consumers' minds relative to competing products. Positioning involves implanting the brand's unique benefits and differentiation in customers' minds. To carry out effective positioning, a company must identify a set of possible competitive advantages upon which to build a problem, choose the right competitive advantages, and select an overall positioning strategy. The company must then effectively communicate and deliver the chosen position to the market.

Diff: 3 Page Ref: 209

AACSB: Analytic Skills

Skill: Application

Objective: 7-4

136) Why do marketers segment the market?

Answer: Marketers divide heterogeneous markets into smaller groups that can be reached more efficiently with products and services that match their unique tastes; firms focus on buyers it can serve best and most profitably.

Diff: 1 Page Ref: 192

AACSB: Analytic Skills

Skill: Application

Objective: 7-1

137) When might be the best time for a marketer to use geographic segmentation?

Answer: Geographic segmentation may be especially profitable when consumers in different regions, states, counties, and so forth have different buying behaviors and product or service preferences.

Diff: 1 Page Ref: 193

AACSB: Analytic Skills

Skill: Application

Objective: 7-2

138) Why might demographic segmentation be the most common type of segmentation?

Answer: Demographic segmentation is often based on observable features, making demographic segmentation easier than other types.

Diff: 2 Page Ref: 194

AACSB: Analytic Skills

Skill: Application

Objective: 7-2

139) Why must marketers guard against stereotypes when using age and life cycle segmentation?

Answer: Not all consumers in the same age and life cycle categories share the same abilities and interests; some 40-year-olds may have more in common with typical 20-year-olds, for example, than with other 40-year-olds.

Diff: 2 Page Ref: 194

AACSB: Analytic Skills

Skill: Application

Objective: 7-2

140) If Kool-Aid promotes a year-round campaign that "Kool-Aid isn't just a summertime drink," what type of segmentation is being used?

Answer: Occasion segmentation is being used in this scenario.

Diff: 3 Page Ref: 196

AACSB: Reflective Thinking

Skill: Application

Objective: 7-2

141) What is one way in which a marketer can attract nonloyal consumers?

Answer: Marketers can attract nonloyal consumers by putting the brand on sale or by altering price.

Diff: 2 Page Ref: 198

AACSB: Analytic Skills

Skill: Application

Objective: 7-2

142) How might a marketer benefit most from using PRIZM NE?

Answer: People and locations can be segmented into marketable groups of like-minded consumers, so marketers can more closely tailor their efforts to their target.

Diff: 3 Page Ref: 198

AACSB: Analytic Skills

Skill: Application

Objective: 7-2

143) List three variables not applicable to the consumer market that may be used to segment business markets.

Answer: Operating characteristics, purchasing approaches, situational factors, and personal characteristics can all be used to segment business markets but not consumer markets.

Diff: 2 Page Ref: 198

AACSB: Analytic Skills

Skill: Application

Objective: 7-2

144) What factors may impact segment attractiveness?

Answer: The number of competitors, substitute products, power of buyers, and powerful suppliers may impact segment attractiveness.

Diff: 2 Page Ref: 201

AACSB: Analytic Skills

Skill: Application

Objective: 7-3

145) What is one major assumption made by marketers who choose to use an undifferentiated marketing strategy?

Answer: Such marketers assume that all consumers share something in common, regardless of how different the consumers may be.

Diff: 2 Page Ref: 201

AACSB: Analytic Skills

Skill: Application

Objective: 7-3

146) XYZ Computers, Inc., a business with limited resources, is a market nicher. How might XYZ benefit from this?

Answer: XYZ Computers will have an opportunity to compete by focusing its limited resources on serving niches that may be unimportant to or overlooked by larger competitors.

Diff: 2 Page Ref: 204

AACSB: Analytic Skills

Skill: Application

Objective: 7-3

147) BMW allows customers to design their own vehicle from a set of options at BMW's Web site. What is this called?

Answer: This is mass customization.

Diff: 2 Page Ref: 206

AACSB: Reflective Thinking

Skill: Application

Objective: 7-3

148) Explain how market variability impacts the choice of a target-marketing strategy.

Answer: If most buyers have the same tastes, buy the same amounts, and react the same way to marketing efforts, undifferentiated marketing may be appropriate, for example.

Diff: 3 Page Ref: 207

AACSB: Analytic Skills

Skill: Application

Objective: 7-3

149) Why might a marketer of laundry detergent be interested in viewing a perceptual positioning map?

Answer: Perceptual positioning maps show consumer perceptions of their brands versus competing products on important buying dimensions. Laundry detergent, for example, may be placed on a perceptual map based on price and cleaning power; this allows a marketer to view how consumers perceive their product with respect to others' products along those dimensions.

Diff: 3 Page Ref: 209

AACSB: Analytic Skills

Skill: Application

Objective: 7-4

150) In what ways might a marketer be able to gain competitive advantage through channel differentiation?

Answer: Firms that practice channel differentiation gain competitive advantage through the way they design their channel's coverage, expertise, and performance. Such factors as the level of customer service, speed of delivery, packaging, transportation type, and so on may play a role in channel differentiation.

Diff: 2 Page Ref: 213

AACSB: Analytic Skills

Skill: Application

Objective: 7-4

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